

Message Text

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ACTION AF-18

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 SAM-01 FEA-02 SCI-06 EB-11 COME-00 INT-08

OMB-01 TRSE-00 CIEP-02 DRC-01 /128 W
----- 079944

R 061240Z FEB 74

FM AMEMBASSY GABORONE

TO SECSTATE WASHDC 5119

INFO AMEMBASSY MASERU

AMEMBASSY MBABANE

AMEMBASSY PRETORIA

AMCONSUL CAPE TOWN

UNCLAS GABORONE 0190

E. O. 11652: N/A

TAGS: ENRG, BC

SUBJ: ENERGY: BOTSWANA FUEL PRICES INCREASE.

REF : PRETORIA 0475

CAPE TOWN FOR EMBASSY

1. EFFECTIVE FEBRUARY 4 R.025 PER LITER ACROSS-THE-BOARD FUEL PRICE AUTHORIZED IN CATEGORIES OF FUEL LISTED BELOW. PRICE HIKES IN GABORONE VARY FROM 17.5 PERCENT ON PREMIUM GASOLINE (NEW PRICE R. 167 PER LITER EQUIVALENT TO ABOUT DOLS. 25 PER LITER OR APPROXIMATELY DOLS. 95 PER U.S. GALLON) TO 30.5 PERCENT ON POWER PARAFFIN. CURRENT INCREASE WHICH SECOND SINCE OCTOBER BOYCOTT BRINGS TOTAL OF POST-EMBARGO INCREASE FOR PREMIUM GAS TO 33.5 PERCENT, WHILE NEW PRICE COMPARED MARCH 1973 FIGURE 52 PERCENT HIGHER.

2. NEW PRICES AND PERCENTAGE INCREASES SINCE OCTOBER EMBARGO ON OTHER MAJOR CATEGORIES FUEL CONSUMED IN CAPITAL GIVEN
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BELOW. MINCOMM DOES NOT HAVE CURRENT DATA ON AVGAS.

(A) REGULAR GAS. NEW PRICE ROUGHLY DOLS. 92 PER GALLON.
PERCENTAGE INCREASE: 35.1.

(B) ILLUMINATING PARAFFIN: NEW PRICE ROUGHLY DOLS.75 PER
GALLON. PERCENTAGE INCREASE: 44.02 PERCENT.

(C) POWER PARAFFIN. NEW PRICE ROUGHLY DOLS.61 PER GALLON.
PERCENTAGE INCREASE: 62.5.

(D) LOW RATE DIESEL: NEW PRICE ROUGHLY DOLS. 68 PER GALLON.
PERCENTAGE INCREASE: 52.43.

(E) HIGH RATE DIESEL. NEW PRICE ROUGHLY DOLS.84 PER GALLON.
PERCENTAGE INCREASE: 39.97.

3. ALTHOUGH PERCENTAGE INCREASES ROUGHLY EQUIVALENT TO THOSE
IN CAPITAL, NEW PRICES IN RURAL AREAS SUBSTANTIALLY HIGHER.
FOR EXAMPLE AT NGOMA, PREMIUM GAS WILL COST DOLS. 1.10 PER
GALLON, REGULAR GAS DOLS.1.08, LOW RATE DIESEL DOLS.89 AND
HIGH RATE DIESEL DOLS.1.05.

4. COMMENT: GOB ESPECIALLY ALARMED OVER ADVERSE IMPACT FUEL
PRICES WILL HAVE ON CRITICAL DEVELOPMENT ACTIVITIES.
1973-78 NATIONAL PLAN CALLS FOR TOTAL DEVELOPMENT EXPENDITURES
OF APPROXIMATELY DOLS.323 MILLION. ALTHOUGH DIFFICULT TO
QUANTIFY AT THIS TIME, ENERGY INDUCED COST-RAISING EFFECT COULD
SUBSTANTIALLY REDUCE FINANCIAL RESOURCES AVAILABLE FOR
DEVELOPMENT. IMPLICATIONS PARTICULARLY ALARMING FOR RURAL
DEVELOPMENT PROGRAM (PROJECTED EXPENDITURES DURING PLAN PERIOD
DOLS.14.5 M FOR RURAL ROADS, CLINICS, SCHOOLS, WATER PROJECTS,
ETC.) TO WHICH GOB ATTACHES TOP PRIORITY. RELATIVELY HIGHER
PERCENTAGE INCREASES IN PRICE FOR ILLUMINATING PARAFFIN AND
DIESEL FUEL WILL HIT RURAL AREAS HARDEST SINCE THEY DEPENDENT
ON THESE FUELS FOR ESSENTIAL POWER PLANT AND BOREHOLE OPERATIONS.
MOREOVER, HIGHLY DISPERSED NATURE OF RURAL POPULATION OVER
LARGE GEOGRAPHICAL AREA WILL MEAN ESPECIALLY HIGH INCREASES
FUEL AND TRANSPORT COSTS AS PERCENTAGE TOTAL OPERATING EXPENDI-
TURES.

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